

## Mr. Jamal Saghir, Talking Points<sup>1</sup>

### Village Power 2000 Where do we Go from here? Wrap-up Session:

Wednesday, December 6, 2000

Let me first congratulate you on a great conference.

We've heard about how renewable energy, energy efficiency and distributed energy can help bring about the transformation that we all want to see in the lives of rural poor people. We've heard about the complexity of the challenge and we've heard of success stories that meet the challenge - **solutions** – how clean energy services in rural areas can be made to happen on a large scale.

In different voices we heard the same message over and over again – ***scale –up of clean rural energy to meet the needs of poor people is inseparably linked to the challenge of achieving sustainable development.*** But let's also remember that biomass and fuel products will continue to be a major source of energy in the rural areas for decades to come and we need to keep in improving their clean efficient use.

### Part 1

And we heard how **innovation** holds the key to future success. Allow me to elaborate this aspect:

We've heard of **technical innovation** and how for an entire menu of technologies: microturbines, diesels, geothermal, briquetting, gasification, wind, PV and biomass - aggressive action is pushing first cost and the cost of use down. Menu means choice and the choices are being made **locally** by poor people themselves – an essential ingredient in the goal of sustainable development. Of course, on the critical path of choice is “affordability” and therefore the need to generate incomes and job for the poor. We have heard that the poor themselves can be part of the solution -- in energy product manufacturing and in the delivery of energy services.

We've heard about **financial innovation**, new credit and financing mechanisms – franchises, dealer networks, concessions, energy service companies – lots of innovation here and a cause for real optimism that we are emerging out of pilot mode. Let's also recognize that we need to do more, in particular on risk mitigations and guarantees for investors of whatever scale, and on micro-credit for both consumers and enterprises.

---

<sup>1</sup> Jamal Saghir is Director Energy and Water at the World Bank  
(EM: Jsaghir@worldbank.org)

We've heard of **cross-sectoral innovation** and how energizing rural transformation is as much a community organization and marketing issue as an energy sector one. We've heard about how villages look to packages of bundled services to transform their lives. How energy services links to the productive sector in agriculture and off farm enterprises that generate rural incomes, and how linking energy and connectivity services creates extraordinary opportunities for social and economic development.

We've heard of **innovation in participation** and how local entrepreneurship mobilizes itself. How women identify the energy solutions that provide what **they** need. What indigenous peoples look for. How local management makes it happen in rural areas far from capital cities.

We've heard also **innovation in policy reform** and how rural energy development has to be designed into mainstream energy sector reform – not added on after you've “taken care” of the grid connected part. We've heard reform can be “bad” – how it succeeded in getting investment into the sector without getting service to more people. We've heard how it can be “good” - how space can be created in the reform program that allows entrepreneurs to bring new service to the unconnected.

And - we heard about **commercial innovation** and how companies don't invest in rural energy services because of PR. They do it because there is a business opportunity out there because over the next 20 years they think that village power is going to grow significantly . They do it because it makes good commercial sense and it's good for the bottom line. We've heard how companies are taking a broader approach to business decision-making.

## Part 2

However, there is a long road ahead. There are tools to be invented, processes to be developed and many questions still to be answered.

Business must play its part but so must we. We have to put our principles into practice; translating fine words into concrete actions.

We in the World Bank share the vision of sustainable rural energy development discussed during the Conference. Our strategy of engagement in the energy sector is organized around four objectives – if you like **four guiding principles**. I believe that these principles are embedded in the Village Power Communiqué which on behalf of my colleagues, I want to strongly support .

We want to help enable the **business environment** through actions that result in creating a level playing field and where the rules of the entry and operation are equitable and evenly applied, so that more businesses can be scaled up and created.

We want to help ensure the sector does what it can to **protect the environment** - no one here is unaware of the harm on the rural poor from indoor air pollution (from biomass, charcoal or kerosene), or on the degradation of forest.

We want to help ensure that the sector plays its part in maintaining **macroeconomic and fiscal stability**. Huge subsidies paid to fossil fuel industries not only are a market barrier to the clean technologies that we want to see scaled up, but are a source of macroeconomic and fiscal instability whose first victims are the poor.

And of course we want to see clean and affordable **energy services in the homes of poor people**. We have heard how energy is indispensable to increase the productivity of the poor and to include women as active as economic agents. We have heard this week of the increasing body of evidence that points to the benefits to people's welfare that direct access to clean energy services ensures especially when combined in infrastructure packages with water, sanitation, telecom and transport services.

We are not just planning to transform our business – it is already happening – which is why we can fully support the Communiqué.

Let me give you an example from Latin America where we are dramatically changing the energy portfolio, away from big infrastructure construction and focussing heavily on the reform agenda to rural and renewable energy and energy efficiency projects. In all of these projects we are trying to stimulate linkages with micro and small business development in order to promote development in the area of health, education and jobs. We are currently preparing such projects in Ecuador, Mexico, Nicaragua, Panama and Bolivia.

We are also working on creation of a Latin America and Caribbean Rural and Renewable Energy Initiative. This would be similar to the funds in Africa and Asia which have tapped donor financing to help prepare rural energy initiatives.

The World Bank used to lend about \$3 billion annually in energy sector projects. This is well down as we restructure our business along the principles I've outlined – last year lending was just \$1 billion. However, in our project pipeline – projects for Bank approval in FY01, we will be committing nearly \$300 million for “new” renewable projects which if you add in GEF financing will leverage \$1.2 billion of investment in 15 projects.

We also see our role as a facilitator to disseminate and communicate solutions and I'm glad to see this picked up in the communiqué. Partnerships and co-operation between government, international organizations, business, and local groups is essential in taking the sustainable development agenda forward. Village Power, I think, is for all of us a terrific partnership.

### Part 3

The importance of sustainable development is no longer a matter for debate. But the way to achieve it - to make it a way of life and not just an issue - is still contested. Willingness to make a commitment to support sustainable development - as we have done - is just the

first step. Innovation will open new opportunities for all of us playing a part in creating a sustainable future.

This event is a valuable opportunity to share experiences and search for answers, and I am delighted to have taken part.

Thank you